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Grain and Feed
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Report Highlights:
South Africa's MY 2003/04 corn crop is estimated at 7.8 million tons compared to the 9.7 million tons produced in the previous season. The decrease is mainly due to a market related cutback in area planted. South Africa operates in a free market system where trade flows unhindered. In the marketing year which ended April 30, 2004, about 460,000 tons of corn were imported from Argentina and the US while over a million tons have been exported.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1]
[SF]

Summary

South Africa's 2003 (year of planting) corn crop is currently estimated at about 7.8 million tons, compared to the 9.7 million tons produced in 2002. The decrease is mainly due to a 17% market-related decrease in the area planted. With total domestic disappearance currently estimated at 8.6 million tons, and exports at 1.1 million tons, imports were needed. The current shortage is in yellow corn with white corn in surplus with the result that about 400,000 tons of yellow corn, mainly from Argentina, and 60,000 tons of white corn from the US has been imported to date. Imports are also expected to reach 700,000 tons in MY 2004/05, which started on May 1.

The area to be planted from October this year is expected to rebound to about 3.3 million hectares which could produce a 9 million ton plus crop again, assuming normal weather which rarely occurs.

The 2004 wheat plantings are starting but more details will only be available next month. In the meantime imports continue unabated.

www.sagis.org.za
www.grainsa.co.za
www.safex.co.za
www.fews.net
www.wfp.org
www.grains.org
www.pecad.fas.usda.gov

Corn

PSD Table						
Country	South Africa,					
Commodity	Corn					
1000 mt.	2002	Revised	2003	Estimate	2004	Forecast
1000 ha.	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		05/2003		05/2004		05/2005
Area Harvested	3650	3650	3000	3005	0	3300
Beginning Stocks	1943	1945	2168	2365	818	1250
Production	9675	9675	7800	7815	0	9300
TOTAL Mkt. Yr. Imports	300	465	550	700	0	300
Oct-Sep Imports	617	617	500	750	0	950
Oct-Sep Import U.S.	21	21	0	0	0	0
TOTAL SUPPLY	11918	12085	10518	10880	818	10850
TOTAL Mkt. Yr. Exports	1100	1110	1000	1000	0	1000
Oct-Sep Exports	1141	1141	1000	850	0	950
Feed Dom. Consumption	4100	4050	4100	4100	0	4125
TOTAL Dom. Consumption	8650	8610	8700	8630	0	8650
Ending Stocks	2168	2365	818	1250	0	1200
TOTAL DISTRIBUTION	11918	12085	10518	10880	0	10850

Production

The third official estimate of South Africa's 2003 corn crop was released on April 20, 2004 (2003 referring to the year of planting). The total crop is estimated at about 7.8 million tons, 19% less than the 9.7 million 2002 crop, mainly due to a decline in area planted. The total area declined by 17.7% due to a combination of market and weather factors. As a result of a late start to the rainy season, and a December/January dry spell, the average yield is also expected to decline by about 2.7%. Since the first estimate was made on February 19, rainfall has improved considerably and the third estimate shows an increase of 790,000 tons, or 11% on the initial estimate. At this stage the main concern is early frost as many fields were planted late. The 3rd estimate follows:

Crop	FAS 2002	MY 03/04		FAS 2003	MY 04/05	
Corn	Area	Yield	Production	Area	Yield	Production
Commercial	‘000 ha.	Mt./ha.	‘000 mt.	‘000 ha.	Mt./ha	‘000 mt.
White	2232	2.85	6366	1728	2.68	4626
Yellow	953	3.17	3026	918	3.22	2960
Total	3185	2.95	9391	2646	2.87	7586
Developing						
White	368	0.60	221	282	0.61	171
Yellow	98	0.66	65	79	0.72	57
Total	466	0.61	286	361	0.63	228
Total corn						
White	2600	2.53	6587	2010	2.39	4797
Yellow	1418	2.18	3091	997	3.03	3017
Total	3651	2.65	9678	3007	2.60	7814

The most significant feature of the latest estimate is that the average yield of the commercial crop decreased by less than 3% compared to the previous season, in spite of the difficult growing conditions. The main, market related reason for the smaller crop was the 540,000-hectare, 17.7%, decrease in the area planted in response in response to economic and agronomic factors earlier in the season.

The following table compares the average crop on commercial farms for the past five seasons to the third estimate:

5 year average	FAS 98 to 02	Rounded	
Commercial	Area ‘000 ha.	Yield Mt./ha.	Production ‘000 Mt.
White	1900 (1902)	2.9	5600 (5570)
Yellow	1100 (1107)	3.2	3500 (3525)
Total	3000 (3005)	3.0	9100 (9095)
FAS 2003 rd est.			
White	1728	2.7	4626
Yellow	918	3.2	2960
Total	2646	2.9	7586

The estimate gets more meaningful when we look at the three major dry land production provinces plus the Northern Cape irrigation area:

	2002	My 03/04		2003	My 04/05	
	Area	Yield	Production	Area	Yield	Production
	1000 ha	Mt/ha	1000 tons	1000 ha	Mt/ha	1000 tons
Free State	1 115	2.99	3 336.5	930	2.58	2402.5
Mpumalanga	560	3.36	1 882.5	510	3.45	1 759
North-West	1 170	2.22	2 601	925	2.27	2 101.25
North-Cape	45.5	10.0	455	55	9.74	534.5
Total	2 890.5	2.86	8 275	2 420	2.81	6 798
Com. total	3 185	2.95	9 391	2 646	2.87	7 586
%	90.8%		88.1%	91.5%		89.6%

About 90% of the area planted on commercial farms and 90% of the crop is produced in these four areas. According to the estimate the yield in Mpumalanga is actually higher this season compared to the previous season. The irrigated yield in the Northern Cape, at about

10 mt/ha is also significant. Unfortunately we do not have a good figure for the total corn irrigated area, but this could be around 145,000 ha. this year compared to 200,000 ha. in 2002, implying production of about 1.45 million tons this season compared to 2 million tons in 2002. The decline in the irrigated area is blamed on low irrigated water supplies early in the growing season. It is also noticeable that the average yield of the total commercial crop is higher than for the four main production areas, implying that irrigation also plays a major role in some of the smaller areas. Irrigation also occurs in the three main producing provinces.

Consumption

Commercial deliveries, that is corn delivered to the silos according to the South African Grain Information Service (SAGIS), forms the basis of the commercial supply and distribution.

The quantity of corn produced and consumed outside the formal trading environment is small and estimated, as actual figures similar to the delivery figures does not exist. This amounted to the crop in the developing sector, 286,000 tons, and commercial farm retentions, 425,000 tons, to total 711,000 tons in My 03/04 and an expected 624,000 tons in My 04/05, or less than 9% of the total consumption.

To correlate the commercial S&D with a specific crop we use the March to February deliveries and not the formal May to April marketing year. The March and April deliveries are then deducted from the May 1 carry over and added to the new season's deliveries.

The current and forecasted commercial PS&D's are summarized below:

FAS 2002 est.	My 2003/04 est.		
'000 Metric tons	White	Yellow	Total corn
Beginning stocks	1265	680	1945
Estimate	6366	3026	9391
Delivery, March/Feb	6195	2770	8965
Retentions	171	256	426
Imports	60	405	465
Total Supply	7520	3855	11375
Export est.	1000 (980)	110 (105)	1110 (1085)
Dom. Disappearance	4500*	3400	7900
Ending stocks	2020	345	2365**

* Including an extra 400,000 tons of white corn used for feed.
** Old season stock only.

FAS 2003 forecast	My 2004/05		
'000 Metric tons	White	Yellow	Total
B/Stocks	2020	345	2365
3rd Crop est.	4625	2960	7585
Farm retentions	145	255	400
Deliveries	4480	2705	7185
Imports	0	700*	700
Total supply	6500	3750	10250
Exports	950	50	1000
Dom.Disappearance	4550*	3450	8000
Ending stocks	1000	250	1250

Trade:

Whole grain trade for the period May 3, 2003 to April 23, 2004 can be summarized as follows:

Imports, Metric tons	White	Yellow	Total
USA	59,961	8,357	68,318
Argentina	0	387,924	387,924
China	0	8,158	8,158
TOTAL	59,961	404,439	464,400

Exports, Metric tons	White	Yellow	Total
Zimbabwe	384,512	16,281	400,793
Zambia	6,829	0	6,829
Mozambique	82,349	6,455	88,804
Angola	14,834	0	14,834
Kenya	48,150	0	48,150
Congo	225	0	225
Tanzania	34,781	0	34,781
Madagascar	10,357	2,024	12,381
Cape Verde	14,153	14,687	28,840
Senegal	0	2,600	2,600
Mauritius	0	1,333	1,333
Co mores	0	15	15
Japan	0	10,374	10,374
Customs Union total	(385,063)	(52,027)	(437,090)
Botswana	136,635	1,985	138,620
Lesotho	122,158	5,585	127,743
Namibia	100,953	18,270	119,223
Swaziland	25,317	26,187	51,504
TOTAL	981,253	105,796	1,087,049

Prices

Although the crop and consumption estimates have basically settled, implying a major white corn surplus and a yellow corn shortage, prices on SAFEX are still fluctuating. This is not a bad phenomenon as it implies high liquidity in the market. The main determinant in the market seems to be the exchange rate as the supply and distribution situation is clear and the regional export market potential the only other unknown. The market does not seem to be perturbed by the 3 million tons of unutilized stocks still lying in the silos at the end of March 2004 with the new crop deliveries starting. It is interesting that the Government is seriously considering the idea of a strategic reserve while the market has kept carry over stocks of around 2 million tons over the past few seasons.

The following table contains the details:

Futures prices	May 2004	July 2004	September 2004	December 2004
White corn/mt.				
12/30/03	R1174 = $177.9	R1190 = $180.3	R1219 = $184.7	
01/29/04	R1467 = $213.5	R1500 = $218.3	R1518 = $221.0	
02/27/04	R1194 = $179.3	R1225 = $183.9	R1245 = $186.9	R1285 = $192.9
03/26/04	R1077 = $165.4	R1103 = $169.4	R1134 = $174.2	R1168 = $179.4
04/30/04	R1121 = $163.6	R1150 = $167.9	R1166 = $170.2	R1202 = $175.5
Yellow corn/mt.				
12/30/03	R1162 = $176.0	R1135 = $172.0	R1135 = $172.0	
01/29/04	R1370 = $199.4	R1346 = $195.9	R1371 = $199.6	
02/27/04	R1255 = $188.4	R1217 = $182.7	R1243 = $186.6	R1285 = $192.9
03/26/04	R1160 = $178.2	R1134 = $174.2	R1150 = $176.7	R1175 = $180.5
04/30/04	R1165 = $170.1	R1160 = $169.3	R1178 = $172.0	R1196 = $174.6
Wheat/mt.				
12/30/03	R1633 = $247.4	R1649 = $249.8	N/a	
01/29/04	R1760 = $256.2	R1782 = $259.4	N/a	
02/27/04	R1765 = $265.0	R1773 = $266.2	N/a	R1740 = $261.3
03/26/04	R1730 = $265.7	R1739 = $267.1	N/a	R1652 = $253.8
04/30/04	R1766 = $257.8	R1770 = $258.4	R1765 = $257.7	R1630 = $238.0

Wheat

PSD Table						
Country	South Africa, Republic of					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2002		10/2003		10/2004
Area Harvested	941	941	748	748	0	851
Beginning Stocks	587	588	898	897	576	535
Production	2320	2387	1428	1488	0	1945
TOTAL Mkt. Yr. Imports	871	870	1200	1200	0	900
Jul-Jun Imports	1024	1018	1200	1200	0	850
Jul-Jun Import U.S.	63	63	0	600	0	500
TOTAL SUPPLY	3778	3845	3526	3585	576	3380
TOTAL Mkt. Yr. Exports	310	310	300	350	0	325
Jul-Jun Exports	331	328	300	320	0	300
Feed Dom. Consumption	10	12	10	10	0	10
TOTAL Dom. Consumption	2570	2638	2650	2700	0	2665
Ending Stocks	898	897	576	535	0	390
TOTAL DISTRIBUTION	3778	3845	3526	3585	0	3380

Production

Farmers are due to start planting the 2004 winter wheat crop this month but early indications are that the area to be planted is about 850,000 hectare, nearly 14% larger than in 2003 but about 10% less than in 2002. As soil moisture in the Free State is quite high and the winter rainfall season in the Cape has started, climatic conditions favor bigger plantings. The problem is that price expectations are not favorable which may be the limiting factor. The first meaningful estimates will only be available next month.

Deliveries from the 2003 crop amount to about 1.49 million to date, surpassing the estimate again. Consumption is also showing growth to about 2.7 million tons which means that imports continue to arrive. The following tables summarize the trade situation to date:

Wheat imports	October 4, 2003 to	April 24, 2004	
Metric tons	For South Africa	Transshipments	Total
From the US	300,206	102,313	402,519
Canada	0	13,586	13,586
Germany	12,199	3,873	16,072
United Kingdom	22,420	0	22,420
Australia	160,595	0	160,595
Argentina	53,325	6,468	59,793
TOTAL	548,745	126,240	674,985

To date the US enjoys a nearly 60% market share followed by Australia with about 24%.

Wheat exports, October 4, 2003 to	April 24,2004, Metric tons
Botswana	70,346
Lesotho	55,346
Namibia	7,665
Swaziland	19,397
Total Customs union	152,754
Zimbabwe	20,179
Zambia	17,700
TOTAL	190,633